

**CALIFORNIA ENERGY COMMISSION**

1516 Ninth Street  
Sacramento, California 95814

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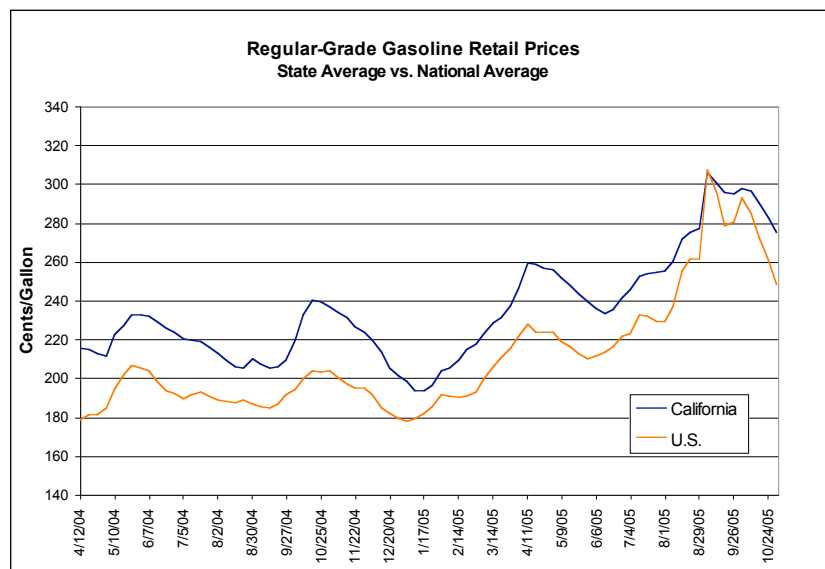
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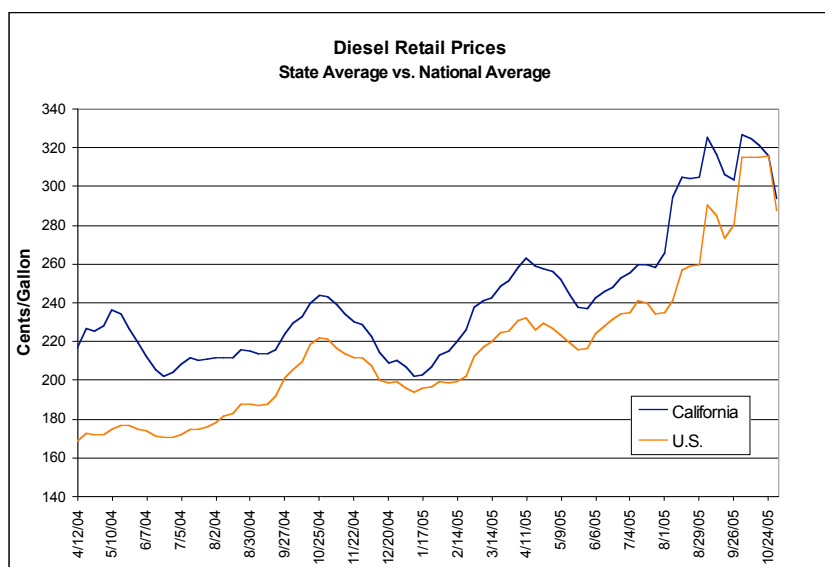
Consumer Information: [www.ConsumerEnergyCenter.org](http://www.ConsumerEnergyCenter.org)

**Petroleum Watch****November 4, 2005*****Retail Gasoline and Diesel Prices***

- For the fourth straight week, the average statewide retail price for regular gasoline declined, falling to \$2.75 per gallon as of October 31, down 8 cents from the previous week. However, the difference between U.S. and California retail prices also continued to grow, increasing to 26.7 cents per gallon from 22.4 cents last week, with higher gasoline production by Gulf Coast refiners and robust imports.<sup>1</sup>



- Average California retail diesel prices plummeted, dropping almost 22 cents from the previous week to \$2.94 per gallon as of October 31. The gap between average California and U.S. retail diesel prices reappeared, with California diesel prices 6 cents more than the U.S. as of October 31, compared to a half cent less last week.



## Wholesale Gasoline and Diesel Prices

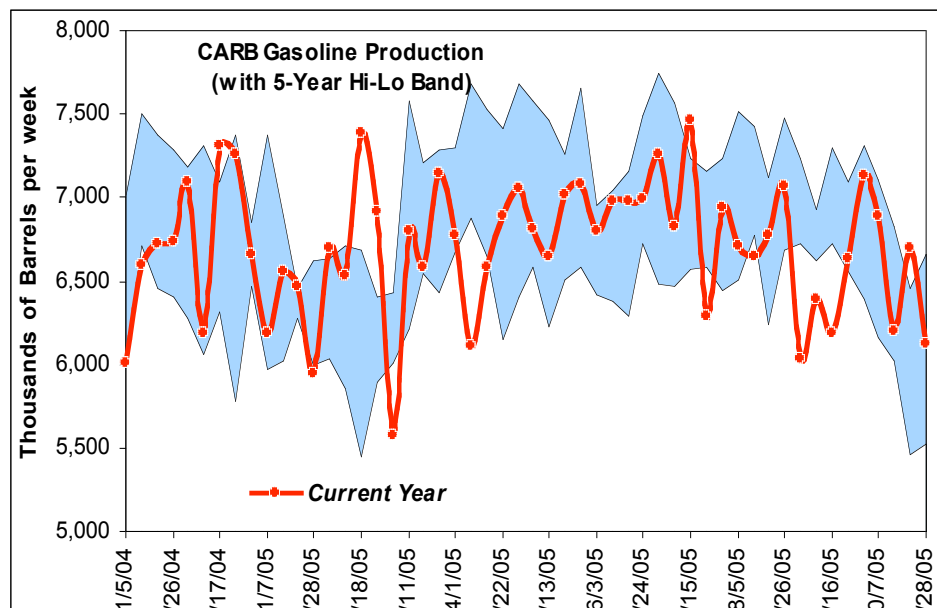
- California wholesale spot gasoline prices have been drifting erratically over the last two weeks between \$1.70-1.80, as the effects of the hurricanes dissipate and region-specific factors dominate daily price shifts. By November 1, prices in Los Angeles had settled to \$1.72 per gallon, 68 cents below the post-Hurricane Rita high of \$2.40. California spot prices were about 10 cents more expensive than prices in the Gulf Coast as of November 1, and almost 19 cents above New York Harbor.
- Unlike gasoline, wholesale diesel prices across all regions have continued to decline steadily during the last week, partly due to a warming trend in the eastern U.S. Spot prices in Los Angeles fell to \$1.85 per gallon as of November 1, almost 15 cents below October 25 and 53 cents below the post-Hurricane Rita high on October 4. Differences between California wholesale diesel prices and prices in the other regions have remained narrow over the last week, with Los Angeles spot prices less than 5 cents higher than the Gulf Coast and only 2 cents above New York Harbor. The difference between California gasoline and diesel spot prices has also narrowed over the last week, with diesel about 13 cents higher than gasoline on November 1, compared to almost 21 cents higher on October 25.
- The EIA weekly assessment for October 28 shows U.S. gasoline demand back above 9 million barrels per day (mbd) for the first time in 8 weeks. The latest four-week average is 8.943 mbd, about a half percent below last year. The four-week average for U.S. distillate demand is 4.042 mbd, about 5 percent below last year.

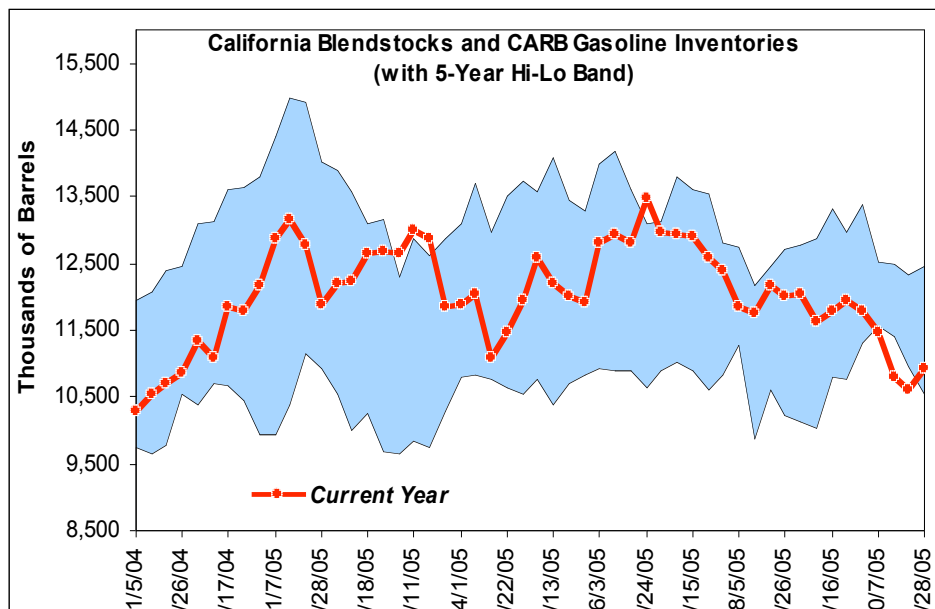
## Refinery Production and Inventories

- Of the 16 Gulf Coast refineries shut down at the approach of Hurricane Rita, only 1 remained closed on November 2. Added to the 2 refineries still shut down from

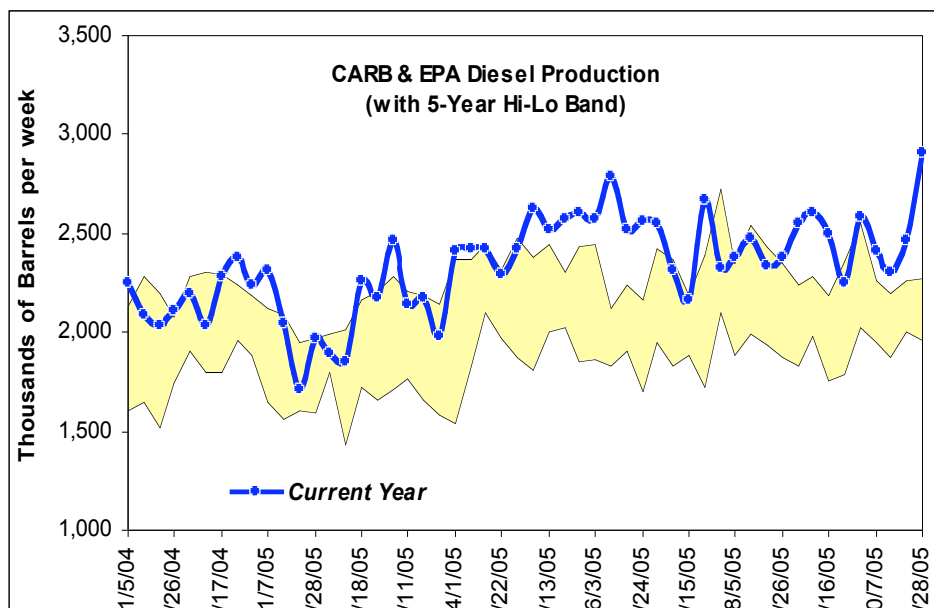
Hurricane Katrina, total refining capacity off-line as of November 2 was about 804,000 barrels per day, or nearly 5 percent of total U.S. capacity.

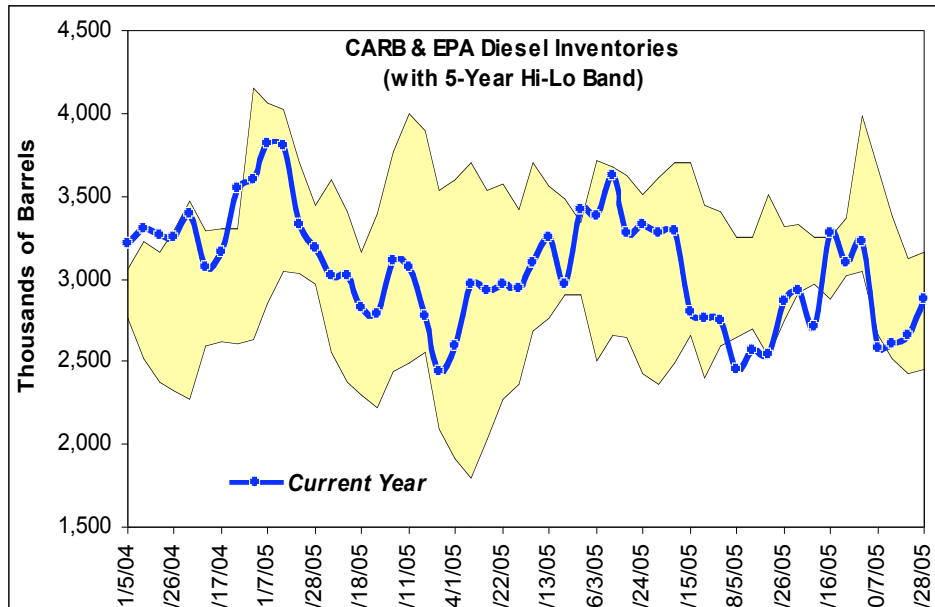
- Reformulated gasoline production in California continued to fluctuate sharply, dropping 9 percent over the previous week to 6.1 million barrels during the week of October 28. These levels are 11 percent above last year, but production has dropped to about average compared to the five-year range.<sup>2</sup>
- With lower reformulated gasoline production in the state during the week of October 28, reformulated gasoline inventories declined over 5 percent from the previous week. Combined stocks of reformulated gasoline and gasoline blendstocks remain at the low end of the five-year range, despite rising 3 percent from the previous week. Growing U.S. domestic production and robust gasoline imports into the East Coast pushed U.S. gasoline inventories up by about a million barrels from the previous week to 196.9 million barrels as of October 28.





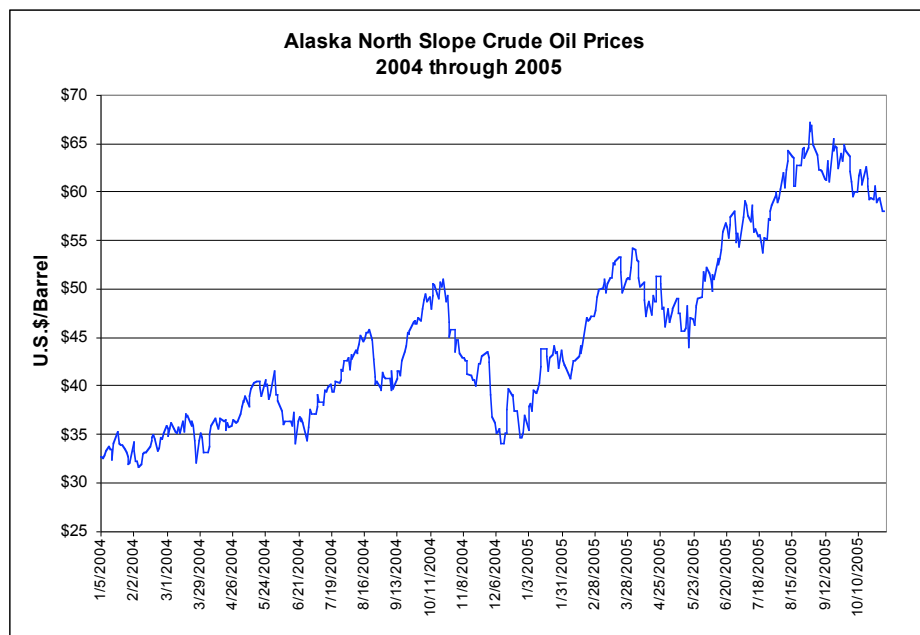
- California production of low sulfur diesel during the week of October 28, including both California diesel and U.S. EPA diesel, surged to record-high levels, up 18 percent compared to the week before. This company-reported output is 9 percent over a year ago. The production growth lifted combined low-sulfur diesel inventories up by more than 8 percent from the previous week, but stocks are still about 9 percent below last year. During this period, U.S. distillate inventories were nearly unchanged, down about 150,000 barrels from the previous week to 120.9 million barrels as of October 28.





## Crude Oil Prices and Inventories

- Prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, have drifted between \$57-60 per barrel over the last week. As of November 2, ANS crude oil on the West Coast was priced at \$57.95 per barrel.<sup>3</sup>



- U.S. commercial crude oil inventories rose to 319.1 million barrels as of October 28, the third consecutive week of substantial stock increases. This is 2.7 million barrels over the previous week, 29.5 million barrels more than last year, and 26.9 million barrels over the five-year average.
- World oil supplies have been strained due to U.S. hurricanes, low levels of excess oil production capacity worldwide, and almost three years of high worldwide petroleum demand growth. At the same time, supplies have been supported by the release of oil and petroleum products from the International Energy Agency member countries' strategic reserves, the virtual lifting of the Organization of Petroleum Exporting Countries production limits, high crude oil inventory levels, and signs of softening demand for gasoline. Winter weather forecasts are also beginning to affect spot prices for heating oil and crude oil.
- According to the Minerals Management Service, as of November 2 about 64 percent of U.S. Gulf of Mexico offshore oil production, or about 958,000 barrels per day, remains shut down from Hurricanes Katrina, Rita, and Wilma. Nearly 77 million barrels of crude oil production have cumulatively been lost to these hurricanes since late August, almost 14 percent of annual Gulf of Mexico offshore production.

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<sup>1</sup> Spot wholesale and retail gasoline and diesel prices are from the Energy Information Administration (EIA) of the U.S. Department of Energy.

<sup>2</sup> California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

<sup>3</sup> ANS crude oil prices are from the Wall Street Journal. U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.